

2005 DRAFTING REQUEST

Bill

Received: **07/07/2005**

Received By: **jkreye**

Wanted: **Soon**

Identical to LRB:

For: **Steve Wieckert (608) 266-3070**

By/Representing: **scott**

This file may be shown to any legislator: **NO**

Drafter: **jkreye**

May Contact:

Addl. Drafters:

Subject: **Tax, Business - credits**

Extra Copies:

Submit via email: **YES**

Requester's email: **Rep.Wieckert@legis.state.wi.us**

Carbon copy (CC:) to: **joseph.kreye@legis.state.wi.us**

Pre Topic:

No specific pre topic given

Topic:

Tax credit for sales and use tax paid on electricity used in agricultural biotechnology and certain products used on livestock

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	jkreye 07/07/2005	lkunkel 08/03/2005		_____			State
/1			rschluet 08/03/2005	_____	sbasford 08/03/2005	lnorthro 08/03/2005	

FE Sent For:

4/1" 8/11/05
Scott

<END>

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/?	jkreye	1/mk 7/29					
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(Handwritten signature)
835 JF
<END>

FE Sent For:

7-7-05

STATE OF WISCONSIN - LEGISLATIVE REFERENCE BUREAU

LRB

Research (608-266-0341)

Library (608-266-7040)

Legal (608-266-3561)

LRB

Scott — redraft 2350/3 — or a new
(Rep checked)

draft (IRB #) — but on a tax credit
(ABS17)

2005 ASSEMBLY BILL 547

July 7, 2005 – Introduced by Representatives WIECKERT, DAVIS, MUSSER, HAHN, TOWNSEND, PETROWSKI, TOWNS, NASS, MURSAU, OTT, ALBERS, HINES and VAN ROY, cosponsored by Senators LEIBHAM and ROESSLER. Referred to Committee on Agriculture. Referred to Joint Survey Committee on Tax Exemptions.

1 **AN ACT** *to renumber* 77.51 (1); and *to create* 77.51 (1bm), 77.54 (30) (a) 7. and
2 77.54 (48) of the statutes; **relating to:** sales and use tax exemptions for
3 electricity used in agricultural biotechnology and for vitamins, feed
4 supplements, and hormones used on livestock.

Analysis by the Legislative Reference Bureau

This bill creates sales and use tax exemptions for electricity used in agricultural biotechnology and for vitamins, supplements, and hormones used on farm livestock.

This bill will be referred to the Joint Survey Committee on Tax Exemptions for a detailed analysis, which will be printed as an appendix to this bill.

For further information see the ***state and local*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

5 **SECTION 1.** 77.51 (1) of the statutes is renumbered 77.51 (1d).

6 **SECTION 2.** 77.51 (1bm) of the statutes is created to read:

7 **77.51 (1bm)** “Agricultural biotechnology” means the application of
8 technologies, including recombinant deoxyribonucleic acid techniques,

biochemistry, molecular and cellular biology, genetics, genetic engineering, biological cell fusion techniques, and new bioprocesses, that use living organisms or parts of organisms to produce or modify products, improve plants or animals used in agriculture, develop microorganisms for specific agricultural uses, identify targets for small molecule pharmaceutical development for agricultural use, or transform biological systems into useful agricultural processes and products.

SECTION 3. 77.54 (30) (a) 7. of the statutes is created to read:

77.54 **(30)** (a) 7. Electricity consumed in research or product development for agricultural biotechnology in this state.

SECTION 4. 77.54 (48) of the statutes is created to read:

77.54 **(48)** The gross receipts from the sale of and the storage, use, or other consumption of vitamins, feed supplements, and hormones used on farm livestock.

SECTION 5. Effective date.

(1) This act takes effect on July 1, 2007.

(END)



State of Wisconsin
2005 - 2006 LEGISLATURE

LRB-3311/7

JK:.....

IMK
RM

PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION

in 7225

soon

GenCat

✓

- 1 AN ACT ...; relating to: an income and franchise tax credit for sales and use taxes
2 paid on the purchase of electricity used in agricultural biotechnology and on the
3 purchase of products used on livestock. ✓

Analysis by the Legislative Reference Bureau

This bill creates an income and franchise tax credit for the amount of the sales and use tax that a taxpayer pays in the taxable year on the purchase of electricity used in agricultural biotechnology and on the purchase of products used on livestock. ✓
If the amount of the credit exceeds the taxpayer's tax liability, the taxpayer does not receive a refund, but, instead, may claim the amount of any unused credit in subsequent taxable years. ✓

✓ For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

- 4 SECTION 1. 71.05 (6) (a) 15. of the statutes is amended to read:
5 71.05 (6) (a) 15. The amount of the credits computed under s. 71.07 (2dd), (2de),
6 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3n), (3s), (3t), (5b), and (5d), and (5e)

1 and not passed through by a partnership, limited liability company, or tax-option
2 corporation that has added that amount to the partnership's, company's, or
3 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g).

History: 1987 a. 312; 1987 a. 411 ss. 42, 43, 45, 47 to 49, 51 to 53; 1989 a. 31, 46; 1991 a. 2, 37, 39, 269; 1993 a. 16, 112, 204, 263, 437; 1995 a. 27, 56, 209, 227, 261, 371, 403, 453; 1997 a. 27, 35, 39, 237; 1999 a. 9, 32, 44, 54, 65, 167; 2001 a. 16, 104, 105, 109; 2003 a. 85, 99, 119, 135, 183, 255, 289, 321, 326.

4 **SECTION 2.** 71.07 (5e) of the statutes is created to read:

5 **71.07 (5e) AGRICULTURAL BIOTECHNOLOGY AND LIVESTOCK PRODUCTS CREDIT.** (a)

6 *Definitions.* In this subsection:

7 1. "Agricultural biotechnology" means the application of technologies,
8 including recombinant deoxyribonucleic acid techniques, biochemistry, molecular
9 and cellular biology, genetics, genetic engineering, biological cell fusion techniques,
10 and new bioprocesses, that use living organisms or parts of organisms to produce or
11 modify products, improve plants or animals used in agriculture, develop
12 microorganisms for specific agricultural uses, identify targets for small molecule
13 pharmaceutical development for agricultural use, or transform biological systems
14 into useful agricultural processes and products.

15 2. "Claimant" means a person who files a claim under this subsection.

16 (b) *Filing claims.* Subject to the limitations provided in this subsection, a
17 claimant may claim as a credit against the taxes imposed under ss. 71.02 and 71.08,
18 up to the amount of those taxes, an amount that is equal to the amount of the taxes
19 imposed under ss. 71.52 and 71.53 that the claimant paid in the taxable year on the
20 purchase of any of the following:

21 1. Electricity consumed in product research or product development for
22 agricultural biotechnology in this state.

23 2. Vitamins, feed supplements, or hormones, if such products are used on farm
24 livestock.

(c) *Limitations.* Partnerships, limited liability companies[^] and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts described under par. (b). A partnership, limited liability company[^] or tax-option corporation shall compute the amount of credit that each of its partners, members[^] or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies[^] and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests. ✓

(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection. ✓

SECTION 3. 71.10 (4) (cq) of the statutes is created to read:

71.10 (4) (cq) ~~Electricity used in research and development~~ credit under s. 71.07 (5e). ✓
agricultural biotechnology and livestock products

SECTION 4. 71.21 (4) of the statutes is amended to read:

71.21 (4) Credits computed by a partnership under s. 71.07 (2dd), (2de), (2di), (2dj), (2dL), (2dm), (2ds), (2dx), (3g), (3n), (3s), (3t), ⁴¹and (5b), and (5e) and passed through to partners shall be added to the partnership's income. ✓

History: 1987 a. 312, 411; 1989 a. 31; 1993 a. 112; 1995 a. 27, 400; 1997 a. 27; 2001 a. 16; 2003 a. 99, 133, 255, 320.

SECTION 5. 71.26 (2) (a) of the statutes is amended to read:

71.26 (2) (a) *Corporations in general.* The "net income" of a corporation means the gross income as computed under the Internal Revenue Code as modified under sub. (3) minus the amount of recapture under s. 71.28 (1di) plus the amount of credit computed under s. 71.28 (1), (3), (4), and (5) minus, as provided under s. 71.28 (3) (c) 7., the amount of the credit under s. 71.28 (3) that the taxpayer added to income under this paragraph at the time that the taxpayer first claimed the credit plus the

1 amount of the credit computed under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm),
2 (1ds), (1dx), (3g), (3n), (3t), ~~and (5b), and (5e)~~ and not passed through by a
3 partnership, limited liability company, or tax-option corporation that has added that
4 amount to the partnership's, limited liability company's, or tax-option corporation's
5 income under s. 71.21 (4) or 71.34 (1) (g) plus the amount of losses from the sale or
6 other disposition of assets the gain from which would be wholly exempt income, as
7 defined in sub. (3) (L), if the assets were sold or otherwise disposed of at a gain and
8 minus deductions, as computed under the Internal Revenue Code as modified under
9 sub. (3), plus or minus, as appropriate, an amount equal to the difference between
10 the federal basis and Wisconsin basis of any asset sold, exchanged, abandoned, or
11 otherwise disposed of in a taxable transaction during the taxable year, except as
12 provided in par. (b) and s. 71.45 (2) and (5).

History: 1987 a. 312; 1987 a. 411 ss. 22, 124 to 129; 1989 a. 31, 336; 1991 a. 37, 39, 221, 269; 1993 a. 16, 112, 246, 263, 399, 437, 491; 1995 a. 27, 56, 351, 371, 380, 428; 1997 a. 27, 37, 184, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 106, 109; 2003 a. 33, 85, 99, 135, 255, 326.

13 **SECTION 6.** 71.28 (5e) of the statutes is created to read:

14 71.28 (5e) ~~AGRICULTURAL BIOTECHNOLOGY AND LIVESTOCK PRODUCTS CREDIT.~~ (a)

15 *Definitions.* In this subsection:

16 1. "Agricultural biotechnology" means the application of technologies,
17 including recombinant deoxyribonucleic acid techniques, biochemistry, molecular
18 and cellular biology, genetics, genetic engineering, biological cell fusion techniques,
19 and new bioprocesses, that use living organisms or parts of organisms to produce or
20 modify products, improve plants or animals used in agriculture, develop
21 microorganisms for specific agricultural uses, identify targets for small molecule
22 pharmaceutical development for agricultural use, or transform biological systems
23 into useful agricultural processes and products.

24 2. "Claimant" means a person who files a claim under this subsection.

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under s. 71.23, up to the amount of those taxes, an amount that is equal to the amount of the taxes imposed under ss. 71.52 and 71.53 that the claimant paid in the taxable year on the purchase of any of the following:

1. Electricity consumed in product research or product development for agricultural biotechnology in this state.
2. Vitamins, feed supplements, or hormones, if such products are used on farm livestock.

(c) *Limitations.* Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts described under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Subsection (4) (e) to (h), as it applies to the credit under sub. (4), applies to the credit under this subsection.

SECTION 7. 71.30 (3) (dq) of the statutes is created to read:

71.30 (3) (dq) ~~Electricity used in research and development~~ credit under s. 71.28 (5e).

SECTION 8. 71.34 (1) (g) of the statutes is amended to read:

Agricultural
biotechnology = Agricultural
biotechnology and livestock
products

1 71.34 (1) (g) An addition shall be made for credits computed by a tax-option
2 corporation under s. 71.28 (1dd), (1de), (1di), (1dj), (1dL), (1dm), (1ds), (1dx), (3), (3g),
3 (3n), (3t), ~~and (5b), and (5e)~~ and passed through to shareholders. ✓

History: 1987 a. 312; 1987 a. 411 ss. 18, 23, 146; 1989 a. 31, 336; 1991 a. 39, 269; 1993 a. 16, 437; 1995 a. 27, 380, 428; 1997 a. 27, 37, 237; 1999 a. 9, 194; 2001 a. 16, 109; 2003 a. 33, 99, 135, 255, 326.

4 **SECTION 9.** 71.45 (2) (a) 10. of the statutes is amended to read:

5 71.45 (2) (a) 10. By adding to federal taxable income the amount of credit
6 computed under s. 71.47 (1dd) to (1dx), (3n), ~~and (5b), and (5e)~~ and not passed
7 through by a partnership, limited liability company, or tax-option corporation that
8 has added that amount to the partnership's, limited liability company's, or
9 tax-option corporation's income under s. 71.21 (4) or 71.34 (1) (g) and the amount of
10 credit computed under s. 71.47 (1), (3), (3t), (4), and (5).

History: 1987 a. 312; 1989 a. 31, 336, 359; 1991 a. 37, 39, 269; 1993 a. 16, 112, 263, 437; 1995 a. 27, 56, 371, 380; 1997 a. 27, 37, 237; 1999 a. 9, 65; 1999 a. 150 s. 672; 1999 a. 167, 194; 2001 a. 16, 38, 109; 2003 a. 37, 85, 99, 135, 255, 326.

11 **SECTION 10.** 71.47 (5e) of the statutes is created to read:

12 71.47 (5e) AGRICULTURAL BIOTECHNOLOGY AND LIVESTOCK PRODUCTS CREDIT. (a)
13 *Definitions.* In this subsection:

14 1. "Agricultural biotechnology" means the application of technologies,
15 including recombinant deoxyribonucleic acid techniques, biochemistry, molecular
16 and cellular biology, genetics, genetic engineering, biological cell fusion techniques,
17 and new bioprocesses, that use living organisms or parts of organisms to produce or
18 modify products, improve plants or animals used in agriculture, develop
19 microorganisms for specific agricultural uses, identify targets for small molecule
20 pharmaceutical development for agricultural use, or transform biological systems
21 into useful agricultural processes and products. ✓

22 2. "Claimant" means a person who files a claim under this subsection. ✓

(b) *Filing claims.* Subject to the limitations provided in this subsection, a claimant may claim as a credit against the taxes imposed under s. 71.43, up to the amount of those taxes, an amount that is equal to the amount of the taxes imposed under ss. 71.52 and 71.53 that the claimant paid in the taxable year on the purchase of any of the following:

1. Electricity consumed in product research or product development for agricultural biotechnology in this state.

2. Vitamins, feed supplements, or hormones, if such products are used on farm livestock.

(c) *Limitations.* Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their payment of amounts described under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests.

(d) *Administration.* Section 71.28 (4) (e) to (h), as it applies to the credit under s. 71.28 (4), applies to the credit under this subsection.

SECTION 11. 71.49 (1) (dq) of the statutes is created to read:

71.49 (1) (dq) ~~Electricity used in research and development~~ credit under s. 71.47 (5e).

SECTION 12. 77.92 (4) of the statutes is amended to read:

77.92 (4) "Net business income," with respect to a partnership, means taxable income as calculated under section 703 of the Internal Revenue Code; plus the items

biotechnology
and
Agriculture
and
Livestock
products
products

1 of income and gain under section 702 of the Internal Revenue Code, including taxable
2 state and municipal bond interest and excluding nontaxable interest income or
3 dividend income from federal government obligations; minus the items of loss and
4 deduction under section 702 of the Internal Revenue Code, except items that are not
5 deductible under s. 71.21; plus guaranteed payments to partners under section 707
6 (c) of the Internal Revenue Code; plus the credits claimed under s. 71.07 (2dd), (2de),
7 (2di), (2dj), (2dL), (2dm), (2dr), (2ds), (2dx), (3g), (3s), (3n), (3t), ~~and (5b), and (5e)~~; and
8 plus or minus, as appropriate, transitional adjustments, depreciation differences,
9 and basis differences under s. 71.05 (13), (15), (16), (17), and (19); but excluding
10 income, gain, loss, and deductions from farming. "Net business income," with respect
11 to a natural person, estate, or trust, means profit from a trade or business for federal
12 income tax purposes and includes net income derived as an employee as defined in
13 section 3121 (d) (3) of the Internal Revenue Code.

History: 1989 a. 335; 1991 a. 39, 269; 1993 a. 16, 112, 490; 1995 a. 27, 209; 1997 a. 27; 1999 a. 9; 2001 a. 16; 2003 a. 99, 135, 255, 326.

14 **SECTION 13. Initial applicability.**

15 (1) This act first applies to ^{taxable years beginning on} January 1, 2006.

16 (END)

Northrop, Lori

From: Krieser, Steve
Sent: Wednesday, August 03, 2005 4:19 PM
To: LRB.Legal
Subject: Draft review: LRB 05-3311/1 Topic: Tax credit for sales and use tax paid on electricity used in agricultural biotechnology and certain products used on livestock

It has been requested by <Krieser, Steve> that the following draft be jacketed for the ASSEMBLY:

Draft review: LRB 05-3311/1 Topic: Tax credit for sales and use tax paid on electricity used in agricultural biotechnology and certain products used on livestock